Integrated Digital Loop Carrier ("IDLC"), which is defined in § 1.39 as a subscriber loop carrier system which integrates within the switch at a DS 1 level that is twenty-four (24) Loop transmission paths combined into a 1.544 Mbps digital signal. Under § 11.7.6, if AT&T orders one or more loops provisioned over IDLC or remote switching technology deployed as a loop concentrator, Verizon VA shall, where available, move the requested loop(s) to a spare physical loop, if one is existing and available, at no additional charge to AT&T. If, however, no spare physical loop is available, Verizon VA shall within three business days of AT&T's request notify AT&T of the lack of available facilities. AT&T may then at its discretion make a Network Element Bona Fide Request to Verizon VA to provide the unbundled loop through the demultiplexing of the integrated digitized loop(s). AT&T may also make a Network Element Bona Fide Request for access to unbundled local loops and the loop concentration site point.

Verizon VA also proposes sub-loop arrangements and line and station transfers to provide access to the HFPL where DLC has been deployed.[63]

Q. WHY MUST VERIZON VA MOVE A REQUESTED LOOP TO A SPARE PHYSICAL LOOP WHERE THE LOOP IS SERVED BY IDLC?

A. In an IDLC architecture, a group of 24 voice channels are multiplexed onto a single DS-1 facility that terminates directly into the switch in the central office through a central office terminal. There is no physical appearance of the

[63] *See id.* at 42 - 47.

unbundled loop at the main distribution frame in the central office. At the present time, Verizon VA has no equipment capable of extracting an individual voice channel from the DS-1 facility. Consequently, a single loop cannot be unbundled. Thus, to provide AT&T access to a single unbundled loop to one end user, Verizon VA must either move the loop to a spare facility, or demultiplex the loop.

Q. IS AT&T'S DEFINITION OF NGDLC LOOPS CONSISTENT WITH THE COMMISSION'S DEFINITION OF A LOCAL LOOP?

A. No. AT&T defines NGDLC loops to include "line cards, DSLAM functionality, line splitters (whether or not integrated with the DSLAM), other remote terminal electronics, and the functionality resident in Verizon's central office that multiplexes and/or demultiplexes, aggregates and/or disaggregates commingled communications to permit exchange of communications between the retail customer's premises and the network of the retail customer's chosen service provider."[64] As explained in Verizon's Direct testimony, the Commission, has made clear on several occasions that the local loop does not include all of these facilities.[65]

Q. IN ADDITION TO THE REASONS OUTLINED IN VERIZON VA'S DIRECT TESTIMONY, WHY SHOULD THE COMMISSION REJECT AT&T'S PROPOSED CONTRACT LANGUAGE ON NGDLC LOOPS?

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[64] AT&T proposed Schedule 11.2 § 2.4.6(c).

[65] Verizon VA Advanced Services Panel Testimony at 64-67.

A. As AT&T readily admits, the Commission is addressing the legal, technical, and operational aspects of issues surrounding access to the high frequency portion of fiber served loops. Verizon VA's interconnection agreements should not prejudge that examination. Even if this Commission were to address this issue in this arbitration, evidence in its rulemaking proceeding overwhelmingly makes clear that AT&T's proposed contract language should be rejected.

Q. PLEASE ELABORATE ON THIS EVIDENCE.

A. Verizon VA refers to, and incorporates by reference the following filings made by Verizon, which are attached as Rebuttal Exhibits ASP-5 - 8:

- **Rebuttal Exhibit ASP-5.** ***Verizon's October 12, 2000 Comments in CC Dockets 98-147 and 96-98.*** These comments demonstrate that expanding ILEC unbundling obligations into the advanced services arena will discourage the deployment of advanced technologies and services. Specifically, there is no basis for imposing any unbundling requirements on electronics, whether or not they are used for advanced services.

- **Rebuttal Exhibit ASP-6.** ***Verizon's November 14, 2000 Reply Comments in CC Dockets 98-147 and 96-98.*** These comments and the attached declaration of Charles Kiederer demonstrate that line sharing obligations on ILEC's DLC systems between the central office and the remote terminal is not technically possible. This is because, where DLC is present, voice and data signals can occupy the same transmission path only on the copper portion of the line nearest to the customer's premises. Once the signals enter the remote terminal and encounter the DLC electronics, they must take separate transmission paths to the central office, because the DLC transmission path allocated for the voice signal cannot practically support the transmission of packetized data.

- **Rebuttal Exhibit ASP-7.** ***Verizon's February 27, 2001 Comments in CC Dockets 98-147 and 96-98.*** Verizon's comments demonstrate why the Act's unbundling obligations should not be extended into the broadband world. Such requirements would only create additional disincentives for ILECs to deploy broadband capabilities. Moreover, the "impairment" test cannot be met for broadband transport because the broadband marketplace is competitive, and alternatives are available. Verizon's comments also demonstrate that a fiber transport facility between packet switching capabilities in ILEC central offices and the DSLAM functionality in

remote terminals, at this point, does not exist in Verizon's network. The Commission does not have the authority to require ILECs to upgrade their networks for CLECs by adding such facilities, as § 251 of the Act requires only that a carrier provide access to existing network elements — there is no requirement that an ILEC must build new network capabilities for the purpose of unbundling that network for its competitors. Similarly, the Act does not require that an ILEC build and unbundle a network that is superior to its existing network. Verizon's comments also demonstrate that the joint use of the fiber feeder between the central office and the remote terminal does not fall within the definitions of the local loop UNE or shared transport.

- **Rebuttal Exhibit ASP-8.** ***Verizon's March 13, 2001 Reply Comments in CC Dockets 98-147 and 96-98.*** These comments confirm that the Commission's existing rules do not require ILECs to provide an unbundled network element that includes a copper loop, DSLAM capability at a remote terminal and fiber distribution plant. Contrary to AT&T's claims, the definition of the local loop does not include DSLAMs and optical concentration devices ("OCDs"), and that the new loop-plus-intermediate-DSLAM network element that AT&T seeks does not meet the unbundling standards of the Act.

Q. IN HIS SUMMARY OF AT&T'S FILINGS WITH THE COMMISSION ON THIS SUBJECT, AT&T WITNESS PFAU STATES ON PAGE 142 OF HIS DIRECT TESTIMONY THAT ILECS WOULD HAVE SIGNIFICANT INCENTIVES TO DEPLOY NGDLC LOOPS EVEN IF REQUIRED TO PROVIDE THEM AS UNES. IS HE CORRECT?

A. Not entirely. ILECs may have an incentive to deploy NGDLC for the provisioning of POTS services, but not necessarily NGDLC with DSLAM functionality. In comments filed in the same proceeding, Catena Networks correctly observed that

> incumbent carriers will have little or no incentive to make capital investments in DSL technologies if they are required to provide their competitors access to those capabilities at prices that are below cost.

Verizon VA, for one, would be disinclined to deploy fiber from the central office to the remote terminal and to install DSLAM functionality in the remote terminal if it was going to have to provide those facilities to its competitors as part of a UNE at TELRIC-based prices. In fact, no rational carrier would spend money to deploy new capabilities if they were then required to be unbundled and offered on those terms. TELRIC pricing has a chilling effect on network investment and on modernization of the loop and inhibits competitive network growth. Only where a carrier is given an opportunity to recover its costs and earn a return commensurate with the risk of deploying this technology would the carrier invest the money in them.

Q. SHOULD THE COMMISSION GIVE ANY WEIGHT TO THE TEXAS ARBITRATOR'S JULY 13, 2001 ORDER REFERENCED BY AT&T?

A. No. First, Verizon VA notes that the Arbitrator's decision in Texas addressed whether or not to unbundle SBC's Project Pronto or permit line card collocation. The Texas Arbitrator unbundled Pronto in part because it found the Commission's conditions for unbundling packet switching packet switching had been met by SBC in Texas. As Verizon VA made clear in its Direct Testimony, Verizon VA does not have a Project-Pronto-like NGDLC architecture or any functionally similar architecture deployed in Virginia. Nor can Verizon VA be required to deploy such an architecture to satisfy AT&T's business needs. Indeed, Verizon VA is currently prohibited from owning certain equipment necessary to deploy such an architecture (OCD equipment and ADLU line cards).

Second, as Verizon VA has demonstrated in its Direct Testimony, the Commission's four conditions for unbundling packet switching cannot be met for Verizon VA.

Q. HAS ANY OTHER COMMISSION REJECTED AT&T'S PROPOSED NGDLC LANGUAGE?

A. Yes, in a far more relevant proceeding, the New York Commission rejected the very arguments made by AT&T here, stating as follows:

> The Commission finds that it is premature to consider the inclusion of any NGDLC provisions in the new agreement given the current status of this technology and pending its regulatory review. Similarly, we did not require the provision of NGDLC loops on a UNE basis in the DSL Collaborative Proceeding. We find that this matter can be better addressed in the DSL Collaborative Proceeding if and when Verizon makes these loops available to competitors.[66]

IV. ISSUE V-9: RESALE OF ADVANCED SERVICES

Q. SHOULD VERIZON VA'S INTERCONNECTION AGREEMENT WITH AT&T INCLUDE SPECIFIC PROVISIONS TO SUPPORT ADDING RESOLD VADI xDSL TO LOOPS PURCHASED BY AT&T FOR RESALE?

A. No. Verizon is in the process of developing a new service known as "DSL Over Resold Lines." This service will allow resellers to resell VADI's xDSL service over existing resold voice lines. However, this service is not yet available in Virginia. Both Verizon and VADI must make numerous modifications to their

[66] *NT AT&T/Verizon Arbitration Order* at 61-62.

OSS systems and operational procedures to accommodate this proposed service offering. For example, Verizon must modify its current resale systems to handle the ordering, provisioning, maintenance and billing of such a product. Verizon plans to conduct a trial of the new service in Pennsylvania in late August, and to go into commercial production in that state in September. In cooperation with the New York DSL collaborative, Verizon is developing procedures and processes that will provide access to the high frequency portion of a resold voice line to all requesting collocated xDSL data providers. This service is planned for future deployment.

Q. SHOULD VERIZON VA'S INTERCONNECTION AGREEMENT INCLUDE SPECIFIC LANGUAGE TO PROVIDE AT&T WITH ADVANCED SERVICES FOR RESALE IN THE CIRCUMSTANCE IN WHICH AT&T SERVES THE END-USER THROUGH A UNE-PLATFORM OR UNBUNDLED LOOP?

A. No. Even if Verizon VA—as opposed to VADI—provided retail xDSL service (which it does not), the Commission has already found that an ILEC "has no obligation to provide xDSL service over . . . [a] UNE-P carrier loop."[67] Similarly, in its *Line Sharing Reconsideration Order*, the Commission rejected AT&T's argument that ILECs should be required to provide xDSL service to end users who obtain service from a CLEC using UNE platforms, and denied "AT&T's request for clarification that under the *Line Sharing Order*, incumbent LECs are

[67] *SBC Texas 271 Order* at ¶ 330.

not permitted to deny their xDSL services to customers who obtain voice service from a competing carrier where the competing carrier agrees to the use of its *loop* for that purpose."[68] Verizon VA certainly cannot be required to resell xDSL on unbundled loops and platforms when it is not required to provide xDSL on these UNEs in the first place.

AT&T is seeking to circumvent due process which would determine whether ILEC resale obligations extend to providing resale on UNEs. Recognizing the complexity of the issue, the Commission recently found that "resale of DSL services in conjunction with voice services provided using the UNE loop or UNE-platform raises significant additional issues concerning the precise extent of an incumbent LEC's resale obligation under the Act." Therefore, the Commission declined to require Verizon to permit resale of xDSL over lines on which a CLEC provides voice service using a UNE loop or UNE-P. Until these issues can be addressed, Verizon VA should not be required to include such a requirement in the interconnection agreement.

Q. WILL RESALE SCENARIOS BE ADDRESSED BY THE NEW YORK DSL COLLABORATIVE?

A. Yes. Verizon VA notes, however, when these scenarios were first raised in the collaborative, most CLECs did not want to address them because they were not a

[68] *Line Sharing Reconsideration Order* at ¶ 26 (emphasis added).

priority line splitting arrangement for them. Therefore, provision of resold xDSL services will be addressed in the future.

V. ISSUE IV-28: COLLOCATION OF ADVANCED SERVICES EQUIPMENT

Q. HAVE VERIZON VA AND WORLDCOM AGREED UPON CONTRACT LANGUAGE FOR THE COLLOCATION OF ADVANCED SERVICES EQUIPMENT?

A. It appears so. Verizon VA and WorldCom have agreed that the following language will resolve this issue:

> Verizon shall permit MCIm, at MCIm's discretion, to collocate DSLAMs, splitters used in association with DSLAMs, and other equipment necessarily located where the copper portion of the loop terminates in order to provide DSL functionality, in Verizon's premises where the copper portion of the loop terminates, in accordance with the rates, terms and conditions set forth in the Collocation Attachment. The parties agree to adopt rules to implement the FCC's Order in FCC Docket No. 98-147 providing for the collocation of multifunction equipment where an inability to deploy that equipment would as a practical, economic or operational matter preclude MCIm from obtaining interconnection or access to unbundled network elements.

Based on this agreement, WorldCom's July 19, 2001 letter to the Commission, the Joint Decision Points List filed by the parties on July 27, 2001, and WorldCom's Advanced Services Panel Testimony at 35, it appears WorldCom has withdrawn its specific proposal originally contained in proposed sections 4.2.3 of 4.9.4.2 to the UNE Attachment for how Verizon VA will provide access to the HFPL where DLC has been deployed.

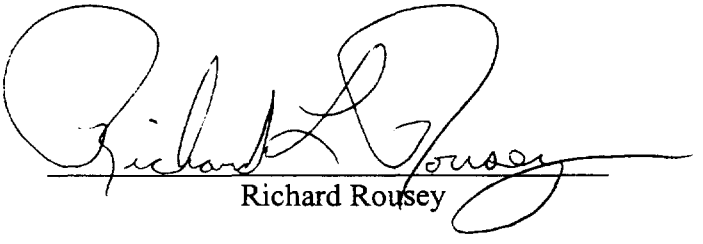
Q. DOES THIS CONCLUDE THE PANEL'S REBUTTAL TESTIMONY?

A. Yes.

Declaration of Richard Rousey

I declare under penalty of perjury that I have reviewed the foregoing panel testimony and that those sections as to which I testified are true and correct.

Executed this 14th day of August, 2001.

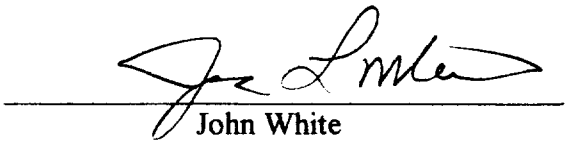


Richard Rousey

Declaration of John White

I declare under penalty of perjury that I have reviewed the foregoing panel testimony and that those sections as to which I testified are true and correct.

Executed this 14 day of August, 2001.



John White

Declaration of Rosemarie Clayton

I declare under penalty of perjury that I have reviewed the foregoing panel testimony and that those sections as to which I testified are true and correct.

Executed this 15th day of August, 2001.

Rosemarie Clayton

Rosemarie Clayton w/ permission